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ABSTRACT

This paper describes the United States' first public voucher program, which was launched in Milwaukee, Wisconsin, in 1990. It discusses the three phases that school competition has undergone in the Milwaukee Public School (MPS) district. These phases are a period of minimal competition from 1990-95, the passage of new charter-school legislation and a dramatically expanded voucher legislation in 1995, and the city's final push into charter schooling in 1997-98, which launched increasingly visible competition. Competition has neither had any systemic effects on teaching and learning in MPS schools and classrooms, nor has the presence of limited competition refocused teachers or principals or changed how they do their jobs. Competition has produced some new efforts to raise standards, increase choices, and open new schools, albeit there is little evidence that these moves have affected classrooms. Furthermore, charters have provoked symbolic reactions from MPS and leaders of the Milwaukee Teachers' Education Association, creating the potential for meaningful change and permitting new schools to form. The paper concludes that there is no evidence to suggest short-term market forces have ended inefficiencies in Milwaukee, although there is reason to believe competition has stoked entrepreneurial energy in MPS. (Contains 109 references.) (RJM)

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# Hints of the Pick-Axe: The Impact of Competition on Public Schooling in Milwaukee

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## EXECUTIVE SUMMARY

Milwaukee launched the nation's first public voucher program in 1990. Since that time, school competition in Milwaukee has evolved through three phases. A period of minimal competition characterized 1990-1995. The passage of new charter school legislation and dramatically expanded voucher legislation in 1995, both rapidly curtailed by lawsuits, created a burst of activity and then a period of latent threat. The city's push into charter schooling in 1997-98 and a favorable Supreme Court ruling on behalf of the voucher program in June 1998, launched a third period of increasingly visible competition.

Thus far, competition has not had any systemic effects on teaching and learning in Milwaukee Public Schools (MPS) schools and classrooms. The presence of limited competition has not refocused teachers or principals or changed how they do their jobs. Of course, the 1990-1998 MPS experience featured an extremely small and heavily contested voucher program that greatly restricted its scope and possible effects.

Competition has produced some new efforts to raise standards, increase choices, and open new schools. There is little evidence that these moves have thus far affected classrooms. Choice and charters have provoked—at times of obvious potential threat—active symbolic reactions from MPS and Milwaukee Teachers' Education Association leaders. These symbolic responses have created the potential for meaningful change by permitting new schools to form unencumbered by many of the constraints on existing urban schools.

In short, while there is no evidence to suggest short-term market forces bulldozed away inefficiencies in Milwaukee, there is reason to believe competition has chipped away at the asphalt barriers that stifle entrepreneurial energy in MPS. Choice caused change, not by forcing MPS routines to change, but by allowing entrepreneurs to seize political openings to create new programs on the fringes of MPS in order to translate their personal visions into practice. This kind of change has the potential to change the larger educational system, if enough cracks are created and enough weeds grow, but it depends on the supply of entrepreneurial leaders and the actual promise of the programs that develop.

It is not yet clear whether the budding activity visible in MPS is analogous to the stirrings of entrepreneurship in other formerly monopolistic or heavily regulated industries. Whether the heavy constraints implicit in the existing system of public schooling will need to be altered before free markets are likely to have a substantial impact in public schooling is a question that remains to be answered.

## INTRODUCTION

For more than a decade, school choice has been a flashpoint in the nation's educational policy debate. In the 1990's, state legislatures have passed charter school laws in more than thirty states, while public and private school voucher programs have begun to sprout up in urban areas across the nation. The accompanying debate has been marked by a curious lack of attention to the nature of schools and schooling. This oversight is of particular concern in the nation's troubled urban school systems, where organizational and institutional constraints have helped create the problems that choice seeks to solve. Although school choice rests explicitly on market-based logic, there has also been a lack of attention to the nuances of markets or how competition might work in practice.

School choice seeks to reshape education by transforming families from clients of a public service agency into consumers. Advocates hope markets will prove especially effective in urban areas where there is intense dissatisfaction with current options and a large number of schools. Under school choice, before schools can be places of education, they must first be able to attract and retain a clientele. Presumably, this will force educators to focus on satisfying the demands of their prospective clients.

Perhaps the most commonly advanced argument for school choice is the notion that markets will force public schools to become more efficient and effective. Since public schools will continue to serve the vast majority of students for the foreseeable future, this claim may be the most significant argument choice advocates make.

As Milwaukee Mayor John Norquist has argued, "Most of us see each day how competition spurs achievement…choice challenges the complacency and stagnation of

the public-school monopoly" (1998: 94). Jeanne Allen, President of Center for Education Reform, predicted that Florida's 1999 voucher program would prompt "a dramatic improvement of the public schools" (Cooper & Pressley 1999). Norquist and Allen were echoing Milton Friedman, who suggested decades ago that educational competition would stimulate "the development and improvement of all schools"(1962: 93).

The market presumption is that markets will reward efficient firms that deliver the goods and services that consumers desire, encouraging efficiency and innovation. At least two, possibly complementary, visions of how competition will change schooling, exist. One vision is of competition as a bulldozer that will steamroll ineffective schools and systemic inefficiencies. A second is of competition as a pick-axe that will gradually chip away at the forces constraining urban school systems, allowing existing educators to do new things, permitting new schools to enter the arena, and gradually changing the local education environment.[1] Often ignored in the choice debate is the extent to which market arguments rest on assumptions about the nature of the product, the producers, and the consumers—particularly in the short-term. As economists are the first to admit, market models abstract away many of the imperfections and problems that characterize the world.

*The Urban School Setting*

Urban school systems are highly visible public agencies charged with the delicate task of educating particularly disadvantaged children. The sensitive political demands on organizational leaders are likely to have significant implications for their response to market pressures. How choice influences school system politics, school system and

[1] This school of thought derives from Schumpter's (1947) thinking on "creative destruction" and the means by which markets drive change.

school governance, and the actions of administrators will have major implications for schooling. Trying to assess market effects in isolation from these larger political and organizational considerations risks missing much of the story of school choice.

Today, there is bipartisan agreement that America's urban schools are inadequate and must improve dramatically. Urban education is routinely discussed in terms of being a national crisis. In many urban areas, no more than half of students entering high school actually graduate. Drugs and violence plague the schools, and the schools themselves are often old and overcrowded. Critics have discussed how bureaucracy (Ravitch & Viteritti 1997), politics (Rich 1996), visibility and organizational structure (Hannaway 1991), financial difficulties (Kozol 1991), teacher unions (Lieberman 1997), and political economy (Anyon 1997) have hampered urban schooling. Continued efforts to reform urban schooling have consistently failed to produce the desired results (Hess 1999; Hill & Celio 1998). The lack of evident success has led reformers to contemplate increasingly radical remedies—such as school vouchers or charter schools—that may skirt the constraints that have tripped up earlier reform efforts.

*The Three Concerns Dominating the Debate*

Historically, competitive effects have attracted only a small fraction of the attention devoted to school choice. Three other concerns have dominated the discussion.

First, there is disagreement about whether choice schools materially benefit the participating students. Choice advocates argue students will fare better in schools of choice, for a variety of reasons. Research on this question has dominated the choice

debate. Particularly prominent has been research comparing the performance of students in choice schools or private schools to their peers in traditional public schools.[2]

Second, some critics of choice fear that choice systems may undermine equity in public education by skimming off students from the families most concerned with education, families disproportionately likely to be white and middle-class. Critics fear this will increase segregation, reduce positive parental involvement and the pressure on the public schools to improve, and drain poor schools of motivated students.[3] Research has devoted substantial attention to concerns about segregative or skimming effects.[4] Like the performance of choice schools, this question is attractive to researchers because they can analyze easily measured outcome variables.

Third, choice critics worry that introducing market mechanisms into education threatens the public purposes of our educational tradition.[5] Choice advocates counter that parents ought to have the right to educate their children in the manner they wish (Gilles 1998). This debate is more normative and theoretical than empirical.[6]

While these debates are important, we shall set them aside to focus on the question of competitive effects, which has too often been overlooked in this discussion.

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[2] For some recent examples of this work see Greene et al. 1999; Greene et al. 1998a; Peterson & Noyes 1997; Rouse 1998; and Witte 1996, 1998. The data and interpretations conflict. This debate has been erected on the foundations established by such prominent works as Chubb & Moe (1990), Bryk et al. (1993), and Coleman & Hoffer (1987). These earlier works focused more generally on the comparative performance of the public and private sectors, rather than specifically examining performance changes produced by participation a school choice program.

[3] Albert O. Hirschman (1970) pointed out thirty years ago that allowing those who demand a high level of service to flee may result in a lack of pressure on organizations to improve.

[4] For some recent work that addresses this issue see Carnegie Foundation (1992); Lee et al. (1996); Martinez et al. (1996); Plank et al. (1993); Wells (1998); Whitty et al. (1998); or Willms & Echols (1993). This work features disagreements about the extent to which segregation is likely to occur, the processes which may drive it, and just how problematic any effects will be. Market advocates believe these fears are exaggerated. For instance, Vanourek et al. (1997) present national data on charter schooling which suggests there is little evidence of segregation or skimming.

[5] For sophisticated book-length discussions see Barber (1992), Gutmann (1987), and Henig (1994).

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*The Questions to be Asked*

Markets can be immensely powerful engines of social change. What happens when school choice is introduced? Does anything really change? Are educational markets likely to work as desired in urban school systems? Or, are there certain institutional arrangements or market conditions that will keep them from functioning? These are the questions considered here.

Perhaps the key insight to take away is that competitive responses are largely the product of organizational and institutional structures in place. Often ignored, is the extent to which the effects of competition may depend on context. In short, thinking about education markets needs to be integrated more fully into larger discussions about improving schools. The object of this case study is not to prove or test the validity of the arguments put forward. The aim is to use this case study to deepen the way we think about market-based school reforms, to offer a more robust and nuanced theory of education markets, and to encourage additional research.

**How Markets Affect Schools**

Choice advocates assume that the "invisible hand" of market competition will compel school leaders to compete for students to ensure the survival and success of their schools, causing the efficiency and quality of schooling to improve. This contention rests on economic experience that has shown the private sector generally produces goods more efficiently than the public sector.[7] However, as Richard Elmore (1986, 1990) has pointed out, institutional constraints such as information, externalities, and the extent of

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[6] At least one interesting empirical piece has attempted to inform debate on this question. Greene (1998) used survey data to argue that private schools are better at cultivating civic virtue and fostering tolerance than are public schools.

[7] See Stiglitz (1988: 194-198). Interestingly, Stiglitz notes the existence of substantial research questioning whether private sector providers are always more efficient that their public sector counterparts.

competition can powerfully shape markets. Further, the market hypothesis implicitly assumes that changes instituted by organizational management will be pushed through to the core, though educational research makes clear there are substantial barriers to implementing school improvement efforts in the classroom.[8]

In the case of schools, competitive effects are unlikely to materialize simply because choice suddenly causes teachers to work "harder" or "smarter". Rather, school board members, the superintendent, and central administrators will be compelled by political or financial pressure to see that their schools retain students and satisfy the community. System leaders may do this by leaning on employees to perform more effectively or by permitting new schools and new ways of doing business to percolate up through the system. A productive market response thus depends on these leaders responding to market threat by seeking to satisfy customers, enhance product quality, and improve organizational efficiency. It also depends on their being able to wield rewards and sanctions in a way that compels employees to cooperate, or their willingness to allow principals and teachers to operate in ways that may defy convention.

In order for system leaders to drive particular changes to retain and attract students, they need to use sanctions and incentives to steer their decisions through multiple layers of deputies, system administrators, principals, and teachers (Fullan 1991). This elongated chain means significant changes in school outcomes are likely to emerge only gradually in the case of large, multi-layered urban school systems. Since riding herd on subordinates is likely to prove unpleasant and frustrating, leaders will have a constant incentive to focus on the easier tasks of pursuing new resources or permitting employees to add new services or programs that augment existing practices (Wilson 1988). Any of

[8] For useful discussions of this point, see Elmore (1996), Fullan (1991), or McLaughlin (1991a, 1991b).

these approaches is likely to eventually change the way the public schools operate, but the nature, scope, and speed of change will crucially depend on how change occurs.

Often overlooked in the choice discussion is that market models rest implicitly on assumptions about Darwinian selection and rational action. Producers either have to seek to improve their product or they have to be driven out of business by producers who will. If there is no credible threat of extinction or substantial loss, only internal motivation or anticipatory concern will spur unwilling producers to act. In the absence of compulsion, those responding to competition will be the eager and energetic principals and teachers. Unleashing these individuals may spark other changes, will model new approaches to schooling, and may encourage more substantial change—but does not mean that poor schools or poor teachers will rapidly become more effective.

This point highlights two key potential problems in urban education markets. First, current market-based proposals do not threaten wholesale replacement of the public school system; this means that competitive response hinges on the anticipatory response.[9] Second, the skills and entrepreneurial temperament necessary to drive an anticipatory response are very different from those that generally attract individuals into education (Cuban 1988). The result I find is that much of the substantive response to competition is provided by idealistic school-level leaders who exploit the political needs of system leaders so as to win the freedom to execute their personal visions. Ironically, these dedicated and emotionally motivated leaders have little interest in compensation or prestige—they are driven by the independent urge to help children out of love, and their production is confined to the schools they run.

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[9] Even the most ambitious voucher and charter school proponents tend to suggest that no more than 10% or 20% of students in any area are likely to be enrolled in such schools for the foreseeable future.

In the absence of a credible immediate threat, system wide improvements hinge on rational educators acting "as if" they are at risk and seeking to ensure that their schools do all they can to attract students. At its most simple, the rational actor presumption is that individuals will act when they believe the benefits of their action will outweigh its costs. In fact, public school teachers will claim little or no benefit from working to attract more students. Benefits to the system will be diffused over thousands of teachers, while the costs of any efforts will be borne solely by the teacher.[10] For example, an elementary teacher who works ten additional hours a week might have some impact on the satisfaction of twenty families out of the tens of thousands in an urban district. The decision of a few extra families to remain in the public schools has only the tiniest chance of impacting this particular teacher.

Given existing contractual and institutional constraints on salary, working conditions, and promotion, school administrators have a very limited ability to offer individual rewards to teachers for their efforts. The high rate of teacher turnover and relative undesirability of positions in urban districts also means that, in the short term, there is a persistent need for teachers and that no teachers will be fired due to competition. For instance, in the late 1990's, Milwaukee was hiring between 600 and 1,000 teachers a year—roughly 10 to 20% of its teaching force. This meant that veteran teachers had no reason to fear lay-offs, and the rate of turnover was high enough that teachers did not even need to fear being forced out of their existing school due to enrollment changes. Meanwhile, due to factors including Milwaukee's residency

[10] See Mancur Olson (1970) for an elegant discussion of this collective action problem. Individuals who will reap collective benefits if everyone undertakes an action, but who incur costs if they themselves act, are unlikely to act unless a mechanism exists to compel them to do so.

requirement and the city's relatively low starting pay, young teachers frequently sought to depart the Milwaukee Public Schools for greener pastures.

In an urban system, both the rewards and sanctions wielded by administrators are quite limited (Hess 1999). Put simply, urban school systems have trouble motivating teachers to work any harder than they choose to. Whereas teachers in less troubled systems know there may be many teachers desirous of their job and may fear their ability to find an equally attractive position should they lose it. Similar concerns are less relevant for teachers in troubled urban districts.

Although teachers have little material incentive to respond to competition, visible leaders like superintendents and school board members stand to reap real benefits from appearing responsive. These individuals will be held accountable for the district response to choice, their actions are more likely to be noticed and to have some direct affect on systemwide enrollment, and they are in a position to be directly rewarded or sanctioned by the community. Consequently, it is these leaders whose behavior will change first and most obviously if competition is having significant effects (Cuban 1976; Johnson 1996).

A similar dynamic captures the position of the union leadership. While individual teachers have no incentive to respond to competition—since their efforts would far outweigh any individual rewards—the union leadership is in a position to produce significant reputational and material benefits for the teachers through action. Essentially, the union organization overcomes the collective action problem facing teachers; namely, the teachers will all benefit if attacks on the system can be blunted, but no teacher has the resources or incentive to act alone (see Olson 1971 for discussion). When the political pressure becomes sufficiently intense that the union leadership feels it can better serve its

members by appearing flexible than by safeguarding existing protections, the union leadership is able to deal.

Because it is difficult for system leaders to control classroom-level teaching and learning (Cuban 1984; Tyack & Tobin 1994), system leaders are more likely to focus on symbolic appeals than changing classroom practice. Symbolic appeals have the potential to quickly satisfy a substantial number of customers while minimizing internal cost. Struggling to enhance system quality, on the other hand, is tedious work with no immediate pay-off.

**Organizational Constraints**

Economists are well acquainted with market failures, particularly in public organizations. The conventional free market account implies that organizational and bureaucratic constraints will quickly dissipate in the face of competition. In fact, this is a problematic assumption. Although their research has been far too infrequently heeded in this discussion, some of the most useful insights into the market hypothesis emerge from scholars of organizational behavior who have demonstrated that large organizations may very well behave in ways that are not likely to maximize welfare. For our purposes, there are three key implications from this research.

First, unable to fully consider their situation, organizational leaders rely on proxies, cues, and short cuts. Possessing limited time, knowledge, and information with which to makes decisions, they seek reasonable decisions that will not necessarily maximize the benefits (Simon 1997, 1979). In organizations, where problems weighing the costs and benefits of a decision are multiplied, and where problems and opportunities

are often beyond the control of any individual, decisions are frequently made in a chaotic fashion unlikely to maximize performance (March 1988; March & Olsen 1987).

Second, leaders will tend to rely upon routines and things that they already know how to do when confronted with a new or threatening situation. Allison (1971) argued that public organizations are especially likely to react to a changed situation with standardized procedures that will not yield maximum benefits. This is because public officials have less control over their component parts than do private organizations, have more demands with which to contend, and are more rigidly bound by statutory procedures.[11] Peterson (1976) famously applied the Allison analysis to schooling in Chicago, finding the school board heavily constrained by patterned responses. Peterson (1976: 113) noted, "Operating procedures, once established and standardized, place constraints on the problem-solving activities of an organization." Learned behavior and organizational procedures may limit how organizations react to competition.

Third, when organizational leaders find it difficult to provide the public with the goods it demands, they often turn to symbolic gestures. Urban school leaders are charged with significant and conflicting demands, while directing organizations characterized by vague missions, weak incentives, and a lack of substantive leadership authority. Lacking effective tools and needing to finesse divergent expectations, organizational leaders may resort to symbolic gestures that satisfy and reassure their constituents without affecting efficiency or performance (Hess 1999; Meyer & Rowan 1991; Stone 1997; Wilson 1988).

[11] See Chubb & Moe (1990) for a similar argument framed explicitly in terms of schooling. The Chubb and Moe institutional critique of public schooling, which underlies much of the intellectual case for choice, calls for vouchers precisely because democratically controlled schools have trouble fostering the conditions that produce effective learning. They call for vouchers to help students escape public schools, while implicitly suggesting that democratically controlled schools will be unlikely to improve in the face of competition. Vouchers would help participating students but would not be expected to yield systemic benefits.

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**Limited Levers**

The nature of contemporary urban education may hamper the short-term response to choice. School organization and culture restrict the control that system or school leaders enjoy over the educational process and make it difficult to hold either teachers or school leaders accountable for performance.

The allure of teaching is very different from that of most other professions attracting an educated workforce. Education offers a very limited career trajectory, a high degree of professional isolation, few prospects for recognition, and little opportunity for merit-based bonuses or promotions. The rewards of teaching tend to be emotional and immediate. This presents real problems for a competitive market in which it is expected that system leaders will be able to wield sanctions and incentives—such as money, promotions, and other perks—to motivate employees.[12] Effective teachers are largely motivated by a sense of community, by a love of children, and by a commitment to the ideal of public education (Cohen 1996; Darling-Hammond 1996; Mohrman & Lawler 1996; Wasley 1991; Westheimer 1998).[13] These teachers–perhaps 25% of the teaching force (see Elmore 1996 for discussion)—are already working hard for no material incentive and may very well be alienated by a more "corporate" model.

Unfortunately, intrinsic rewards are not enough to drive ambitious changes in schooling among less-effective teachers and in less-effective schools (Elmore 1996; O'Day 1996), as is the case in many troubled urban school districts. In Milwaukee, as in many districts, the administration's lack of tools impedes its ability to use material

[12] For the classic discussion of the "school house" culture see Lortie (1975). For more recent consideration of why people teach and the culture of teaching see Collins & Frantz (1993), Fried (1995), Hansen (1995), Provenzo & McCloskey (1996), Wasley (1991), and Westheimer (1998).

incentives to supplement intrinsic rewards. Even if teachers were inclined to respond to material incentives and sanctions, the public schools have institutionalized protections. Such as centralized teacher certification, tenure and teacher job protections, and single-salary payment schedules tied to objective criteria that weaken many of the levers that could be used to modify the teacher workforce or teacher behavior.

The manner in which teachers are hired, assigned to schools, and insulated in classrooms means that they often have little or no philosophical agreement with the school or system leadership (Fuller et al. 1998). Frustration with ever-changing school leadership feeds teacher disregard for the system leadership; teacher independence is buttressed because administrators find it difficult to compel cooperation. Teachers are well equipped to resist administrative direction due to their expertise, the lack of easy oversight, the murky production process, and their collective strength (Fullan 1991).

Teachers are left largely to their own devices in the classroom. If administrators want teachers to do something different, they must find a way to push past classroom resistance. This problem is not unique to education; executives at companies such as IBM or General Motors faced similar problems when seeking to reform corporate practice. However, private sector executives have a plethora of material rewards at their disposal; they are able to wield promotions, salaries, bonuses, perks, job titles, working conditions, geographic assignment, and scope of responsibilities to reward cooperative employees and sanction reticent ones. Institutional structure and the nature of their employees mean that educational managers have many fewer arrows in their quiver.

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[13] Rollefson & Smith (1997) have even argued that evidence suggests teachers may be less responsive to salary incentives than we assume.

Ensuring that employees work harder is much more straightforward in many commercial endeavors with agreed-upon and easily measured goals than in education which seeks to develop human capital. Disagreement about what constitutes successful teaching, variation in student quality, and the variety of roles teachers play make it more difficult to tell if a teacher is working "harder" or "smarter."

**Previous Research**

Given the fervor of the school choice debate, there has been surprisingly little research on how public school systems respond to competition. The existing work generally tries to impute effects from historical existence, focuses on the effects of charter schools in a variety of districts, or examines the impact of choice in other countries. Research has paid scant attention to how competition affects urban districts.

One approach to the question has sought to deduce competitive effects from traditional school arrangements. This research focuses on how the presence of more public or private school choices affects the performance of public schools. Hoxby (1994, 1996, 1997, 1998) uses national data to tease out competitive effects, finding that competition produced by more private schools or by a larger number of public school systems increased school productivity. Like Hoxby, Borland & Howsen (1992) and Dee (1998) found that more competition increases the quality of public education. Sander (in press) and Smith and Meier (1995), on the other hand, each examined one-state samples and found no evidence that private school competition affected school quality. It is important to note three limitations to this work. First, because it is measuring the effects of historical choice situations, findings may not translate to new institutional arrangements (Armor & Peiser 1998: 159). Second, the control variables used in these

analyses may not fully account for other forces that may be affecting public school performance. Third, and particularly relevant here, this work does not address the short-term effects of competition, the change process, or how context may matter.

A second body of work has studied how various kinds of school systems respond to the presence of charter schools and open enrollment. There is evidence that charter competition has caused a minority of districts to take noticeable actions such as opening new "themed" schools, creating "add-on" programs, and offering new activities (Armor & Peiser 1997; Rofes 1998; Vanourek et al. 1997). Research on Arizona's expansive charter school system has found some evidence that the share of district students lost to charter schools affected several dimensions of school-level leadership and outreach (Hess et al. 1999). On the other hand, Wells (1998) found that California public school principals saw no point in responding to the charter school challenge, feeling the deck was stacked against them. Several scholars (Hassel 1998, 1999; Loveless & Jasin 1998; Millott & Lake 1996) have observed that charter schools have spurred districts to engage in activity—such as refusing to provide necessary records, or cutting popular programs in order to galvanize hostility to charter schools—unlikely to improve education.

Third, some research from abroad has touched on competitive effects, though—as in American research—the issue receives relatively little attention. Researchers have not found that markets improved school performance, instead finding that schools and districts tend to adopt superficial changes and to focus on marketing (Brown 1992; Gewirtz et al. 1995; Gorard 1997; Walford 1994). Woods et al. (1998) focused directly on competitive effects in studying several British secondary schools, finding an emphasis

on cosmetic responses and no evidence that markets led to improved school performance, and concluding that public educational systems are not amenable to market competition.

**Methodology**

We explore how competition may change urban school systems by focusing on the short-term consequences of competition and on what those short-term results may tell us about long-term effects. The behavior of public school officials and educators will crucially determine how markets change the education students receive. Systemic changes due are likely to emerge from the central administration and then be channeled down the organization. In short, the extent and nature of administrative reaction will provide critical insight into the consequences of competition.

Voucher programs provide an outstanding opportunity to examine the competition hypothesis because they permit parents to use a set amount of government educational funding to attend a public or a private school. Voucher programs make competitive use of existing private school capacity, threaten public schools with the loss of public dollars, and make it relatively easy for new firms to enter the market. The nation's longest-running voucher program has operated in Milwaukee, Wisconsin since 1990.

Charter schooling provides another kind of competition. Charter schools are independent schools that receive a "charter" from a state-determined agency. They must compete to attract students because they receive state funding on a per-pupil basis. Wisconsin passed its first charter law 1993, liberalizing it in 1995 and then again in 1997.

This research is based upon a case study of the extended Milwaukee experience. The narrative seeks to document the ways in which market competition influenced and modified the subject school districts over time. The research involved more than 90

interviews with educational participants and observers in Milwaukee. Visits to nearly two dozen public and private schools, eight extended trips to the city, thorough archival searches of newspaper coverage, and extensive review of school system documents, board minutes, private papers, statistical data, and secondary documents. The research was conducted between September 1998 and August 1999.

The analysis focuses on the political, organizational, and educational behavior of the Milwaukee Public School (MPS) system. More concretely, we concentrate on the effects of competition on the school board and school system politics, the MPS administration, the Milwaukee teachers' union, and the schools themselves.

Focusing explicitly here on the short-term effects of competition is not to discount long-term effects or to suggest that short-term effects will reflect the long-term consequences of choice. Economists are notoriously unimpressed with the short-term—their models are devoted to understanding long-term behaviors, because it is the long-term that markets settle into equilibrium. There are two reasons for the short-term focus here. First, long-run benefits that may emerge from competition do not help those currently in poor schools. Particularly when considering disadvantaged urban children in need of immediate assistance, short-term impacts have an inflated importance. Second, while competition may produce long-term gains in productivity and efficiency, we know little about how these might come about or when they might materialize.

In the long term, many of the key elements of urban education will prove amenable to change. Who teaches the training they receive, the regulations governing schooling, and the institutional configuration of the schools can all be modified. In the

short-term; however, these constraints will prove far less malleable and we ought to understand what that portends for the effects of competition.

In focusing on the response to choice I have explicitly chosen not to look at test scores or other outcome data. Given the difficulty of assessing the nature and cause of any short-term change in school system output (see Bryk et al. 1997; Hess 1999: 32-35) it is difficult to assess the long-term value of any given educational reform, and it can be foolhardy to attempt to do so using short-term outcome data.[14] Instead of looking at these measures, which competition will impact only indirectly and through the attenuated chain of causation discussed above, we will focus explicitly on how key players inside and outside the school system reacted to the presence of competitive threat.

A difficulty in examining and interpreting the record is the churning of policies and reforms that characterizes urban school districts. This behavior can make it difficult to clearly determine the nature of any particular change, the source of that change, or precisely why a given change grew and took hold. Nonetheless, I am confident that the research approach has permitted a reasonably balanced and thorough account of how competition affected Milwaukee schooling in the 1990's.

This analysis cannot determine whether competition has caused schools to improve or worsen in any discrete dimension. Rather than seek to assess the desirability of educational competition, the more modest goal here is to illuminate an easy assumption that lies unexamined at the root of the choice debate. This is a first cut at the question of how and why competition may matter. The pace of events in Milwaukee has

[14] Bryk et al. (1997: 174) note that judging the effects of structural school reform is "like trying to assess the effectiveness of a major corporate restructuring, which can take 10 years or more to unfold fully." They suggest that such efforts should be measured not in terms of short-term profitability, but for long-term

accelerated, even as new programs are being launched across the nation. Consequently, the amount of data on this question will continue to grow. Permitting future research to consider, test, and refine the arguments made here.

**The Story of Competition in Milwaukee**

Educational competition in Milwaukee has played out against a history of racial inequity. African-American frustration with poor schooling, especially when the city's 1976 desegregation settlement appeared to lessen segregation without improving school performance, would later be central to the strange political coalition that supported the school choice experiment.

In the late 1970's and 1980's as in most urban districts, a number of reform efforts were launched in Milwaukee. The reforms produced impressive individual successes, but no systemic improvement. The most interesting reform attempted was the Children at Risk program, passed by the state legislature in 1985. The measure sanctioned a "partnership school" program in MPS, allowing MPS to contract with certain non-public schools to provide for the education of a limited number of "at-risk" high school students. The legislation opened the door to nontraditional forms of education being part of the MPS system. As with the 220 program, which emerged from the desegregation settlement in the 1970's and which provided state funding to encourage suburban districts to accept black MPS students, contract schools presented a backdrop of choice but was not central to understanding the competitive effects of choice.

In 1983, the MPS school board was converted from a sprawling 15-member entity to a nine-member body in which eight members were elected by district and one was

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effects. In terms of urban schooling they recommend the approach adopted here, which is to focus on observed organizational changes rather than short-term test score changes.

elected citywide. All members served four-year terms. Through the 1990's, general election turnout for board elections hovered in the 15% to 20% range, meaning a small bloc of voters could have a major impact (MPS 1998).

In 1984, prompted by cabinet member and Milwaukee African-American activist Howard Fuller, Democratic Governor Tony Earl appointed a committee to study the quality of education in the Milwaukee area. In the fall of 1985, the committee issued a scathing series of ten reports that lambasted MPS and prompted calls for reform.

During this period, the MPS administration and the Milwaukee Teachers' Education Association (MTEA) dominated district activity. The administration ran MPS's 150-odd schools from the squat central administration office complex on West Vliet Street. The MTEA headquarters, one block away, housed the leadership of a powerful and successful union that enrolled about 95% of MPS teachers. The MTEA institutionalized protections for faculty by limiting the discretion of MPS administrators through an increasingly complex contract that grew from a slim 18-page document in 1964 to an extremely explicit 174-page agreement in 1992-95 (Fuller et al. 1997).

The restrictions imposed by the contract substantially curtailed the freedom of action of system administrators. As in other districts, teacher salaries in MPS are solely a function of experience, degrees, and credit hours. The district and MTEA also bargained into the contract particularly rigid language on seniority, teacher discipline, and teacher termination. The contract includes language in which MPS acknowledges that contract language trumps district policy in the event of a conflict. Evidence of how firmly the contract constricted MPS is that not one teacher – out of 6,000 – was fired for

poor teaching between 1985 and 1990, and not one of the 1,000 teachers hired between 1985 and 1990 was denied tenure (Fund 1990).

Observers describe the MPS administration—both then and now—as an unwieldy bureaucracy. Administrators are tenured into their position after three years, after which point it becomes very difficult to remove them. The result was a system of entrenched administrators uninvested in the superintendent's agenda. Notes one long-time administrator, "[MPS] doesn't directly fire many principals and assistant principals that they want out. Instead, what they do is they remove people from the building, assign them to central office, and bury them."

*Choice Emerges*

The Witte report spurred African-American frustration and led Fuller, by then a private citizen, and Democratic state representative Polly Williams to advocate in 1988 the creation of a separate, nearly all-black school district from the northern portion of MPS. The proposal failed. The failure, and conversations with administrators from several of Milwaukee's private schools in danger of going under, prompted Williams to introduce in 1989 a radical proposal calling for Wisconsin to issue vouchers to a number of low-income MPS students for use at private schools. Williams, a black single mother who represented an all-black, low-income Milwaukee neighborhood, allied with conservative Republican Governor Tommy Thompson to push the Milwaukee Parental Choice Program (MPCP). Williams' bona fides helped blunt criticism that MPCP was a conservative attack on Milwaukee.[15] The initial program offered vouchers to no more than 1% of MPS students (approximately 1,000 children).

[15] Later on, during the course of 1995-98, Williams would break with Thompson and the other leaders of the Milwaukee voucher coalition. She would argue that the program had been "hijacked" by advocates

The vouchers would be funded by state aid taken from MPS, but enrollment-driven changes in Wisconsin state aid are phased in over three years. Consequently, in the first year, MPS would retain 67% of the state aid for each student it lost. Conversely, when MPS gained students, state aid initially only covered 33% of the additional cost—it would take three years until the full effects of any enrollment change to be felt. To be eligible for MPCP, a student's family income could not exceed 175% of the federal poverty level and the student could not have attended private school or a public school outside MPS the previous year. Choice schools were required to adopt choice applicants by lottery, were not permitted to accept more than 49% of their total enrollment through MPCP, and had to meet performance criteria in order to be eligible.[16]

From the beginning, the choice program was bedeviled by court challenges. The challenges would dramatically lessen the threat the program posed, since it was never entirely clear if MPCP would continue to exist or what its rules would be. These courtroom travails make voucher programs a less effective test of the abstract competition hypothesis than they would otherwise be, but are a component of the institutional milieu in which vouchers operate. Immediately upon the passage of MPCP, in May 1990, the Wisconsin Education Association Council (WEAC) and other parties filed suit to stop MPCP. The most prominent charge was that the program was a "local" bill and therefore was constitutionally required to pass as an individual bill rather than part of the state budget. In a series of decisions, MPCP was first upheld, and then struck

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who were not focused on her mission of helping poor inner-city children and complained on more than one occasion that other advocates had not shown her proper respect at ceremonial occasions.

[16] Governor Thompson was able to push through a bill that slightly boosted the cap on MPCP enrollment from 1% of MPS enrollment to 1.5% for the 1994-95 school year. That increased the number of eligible students to about 1,450. The change also permitted voucher schools to enroll up to 65% of their students—up from 49%-- through MPCP. The change had no significant impact on MPS, as the program continued to be regarded as a distraction.



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down in a stayed decision, and then, in March 1992, finally declared constitutional in a 4-3 ruling by a sharply divided Wisconsin Supreme Court. This ruling, however, would not end the challenges to MPCP. Later efforts to expand choice provoked new legal skirmishes, frequently on the same general grounds.

The choice assault opened on a second front in 1992, when Partners Advancing Values in Education (PAVE) was launched. PAVE grew out of the Milwaukee Archdiocesan Education Foundation, which provided financial-support services to the city's Catholic schools. PAVE offered 50% scholarship for use at any private school—including religious ones. PAVE sought to stabilize enrollment in the troubled secular schools and to cultivate a constituency for vouchers. As PAVE director Dan McKinley noted, "The funders understood that it was a vehicle to demonstrate a point. It was never intended to be a forever scholarship program." Because PAVE was able to utilize Milwaukee's large network of religious schools, its enrollment rapidly outstripped that of the poorly publicized MPCP.

Another critical component of the political coalition that would drive choice was the role played by the deep-pocketed, conservative Bradley Foundation. In 1985, the sale of the Allen-Bradley Corporation transformed the Bradley Foundation from a family fund worth $14 million to a titan with assets in excess of $290 million. The foundation's assets continued to grow, and by 1995 it was giving away $24 million a year (Miner 1996). Bradley provided extensive support for the researchers, activists, and consultants making the case for school choice. As one influential voucher advocate argued, "The sale of the Bradley Corporation created the financial footing for the voucher coalition."

A unified MPS board had hired respected reformer Robert Peterkin as the new superintendent in the fall of 1988. Peterkin rapidly pushed to decentralize the system, introduce parental choice of public schools, and fought to wrest control of the system from the entrenched bureaucracy. The timing of Peterkin's push for public school choice, implemented as the Milwaukee Three-School Selection Process in 1991-92, may appear to suggest an answer to MPCP. However, key participants from that time dismiss that notion. As former Peterkin deputy Deborah McGriff recalled, "['Three-choice'] was something that Bob and I brought from Cambridge when we came in 1988."

*Fuller Named Superintendent*

In November 1990, Peterkin announced that he would be leaving in June 1991. Peterkin's short two- to three-year stay was not atypical among urban superintendents. Despite Peterkin's widely praised efforts, the district continued to struggle with poverty and students continued to fare poorly. In 1990, children from low-income families made up 60% of Milwaukee pupils, while 35% of students changed schools each year due to housing or employment situations (Grover 1990). Approximately one-third of high school students were habitually truant during 1989-90 (Worthington 1990).

In May 1991, after a 7-2 vote in closed session, the board opted to name Howard Fuller superintendent. The board knew (recalls former board member Christine Sinicki) the controversial but respected community leader was going to generate sparks. "If anybody knows Howard Fuller, you have to know what his activism is all about." The ascendance of Fuller marked a new and heated stage in the system politics. Many MPS critics thought that if anyone could significantly change MPS, it was going to be the credible, fiery, and hard-charging Fuller. When Fuller's efforts bogged down amidst

administrative recalcitrance, board temporizing, and union opposition, these critics took it as evidence that MPS could not be fundamentally remade by traditional means.

Fuller's aggressive 1991-95 reign coincided with the beginnings of MPCP, but observers unanimously agreed that neither Fuller's initiatives nor responses to those initiatives were caused by the voucher program. Fuller, himself an architect of MPCP, ridiculed the notion that choice influenced his decisions. Fuller remembers, "The voucher program was a little too small to have had any effect [during my superintendency]...They talked about vouchers because they didn't want them around, but realistically, to be blunt, a thousand poor kids leaving at $2900 meant squat...Vouchers had nothing to do with what I did or what I was able to do."

*Non-effects of Choice*

Between 1990-95, MPCP drew a great deal of notice, but the tiny size and limited prospects for growth of the program drastically meant that competition had no substantive effects on MPS. Explained Jeanette Mitchell, School Board President from 1991-94, "Basically, the initial choice legislation held MPS harmless. It did very little." Potential effects were limited by continued growth in MPS enrollment, the limited capacity of the private sector, and the nonthreatening nature of early choice schools.

First, the bite of MPCP was dramatically reduced because MPS enrollment continued to grow. In fact, one MPS principal recalled that, "The [choice] program really wasn't all bad...I mean, we were—and are—hurting for space as it is." In 1990-91, MPS schools housed 92,789 students. By 1994-95, despite MPCP and PAVE, that figure increased to 98,380 (see Table 1). Consequently, there was no need for MPS employees to worry about staff reductions.

Second, the program's small scope ensured that its effects were minimal. During the 1991-95 period, the capacity of participating MPCP schools never equaled 1% of MPS enrollment (see Table 2). The handful of MPCP schools were generally located in old cramped facilities, limiting opportunities for expansion. Further, there was little indication that new private schools were planning to open. These constraints blunted both the actual and the potential threat of MPCP.

Third, the schools participating in the program were accepted community schools with long track records and long-standing ties. While this fact did not silence hostility to the voucher program in the abstract, it did blunt the perceived threat. Remembered one system administrator, "The thing to realize about the first version of choice was that these were schools we knew, people we had worked with."

Finally, in restricting MPCP schools to only nonsecular institutions, the legislation ensured that the threat posed by choice would be minimal. Religious schools made up 80% or more of all private schools in Milwaukee. A census of schools in 1993-94 counted 108 private schools in Milwaukee, of which just 23 were nonsecular.

*The Fuller Years*

As in 1991, the 1993 MPS board elections were a quiet affair. Three of the four candidates won with more than 80% of the vote; all three were endorsed by the MTEA.

While MPCP was an irrelevance through Fuller's superintendency, Fuller's aggressive reign threatened MPS and the MTEA in other ways. The response to those threats illustrated the reactions to choice that would later typify the board, the administration, and the union. Particularly illuminating was Fuller's exploration of bringing in outside contractors to govern some MPS schools.

Frustrated by the early response to his efforts to significantly alter system behavior and the terms of the MPS-MTEA contract, Fuller talked to private vendors about having them take over the management of some MPS schools. In February 1993, after Fuller's massive $366 million building referendum went down by a 3-1 margin, MPS received a bid from the for-profit company Education Alternatives Inc. (EAI) to manage 15 MPS schools. In August 1993, Fuller invited EAI and the New York-based Edison Project to present proposals to the MPS board. Faced with union hostility and a good deal of community and administrative apprehension about "for-profit contracting", the board declined to hire either firm. Instead, during winter 1993-94, it decided to push ahead with Sandra Small's proposal to create MPS "innovative schools"—kicking off a tumultuous but short-lived era of new school formation and union cooperation.

The innovative schools program promised waivers from many regulations and constraints. Innovative schools would be created in partnership with the MTEA, which agreed to negotiate memorandums of understanding (MOUs) with the schools in order to free them from particular elements of the collective bargaining agreement—especially the provision requiring that all MPS schools use the same seniority-based hiring approach. In May 1994, the board approved a radically decentralized governance model for the Hi-Mount Community School, and in June a formal policy on innovative schools was adopted. The first innovative school was approved in December.

The Hi-Mount proposal created a faculty-governed school with a community focus and an emphasis on technology. Responding to the persistent demands of principal Spence Korte, regarded within the system as a highly effective maverick, the board agreed to give Hi-Mount a "sweetheart" funding deal that gave Hi-Mount hands-on

control of 85% of the per pupil allocation for each student. The deal was a product of the contracting threat. Korte remembers that one of the for-profit firms "had accountants at Price Waterhouse digging through the system books, but they couldn't figure out the actual costs for MPS. So they settled on 85% simply because they'd figured that about 75% was the break-even point, and then upped it by 10%." Korte recalls, "As radical as people think I am, we were actually the safe alternative. The board was really getting a lot of pressure…so we…said, 'Look, if you're going to make a deal with for-profit organizations to take schools, we want to run our own school. We'll take the same financial deal, only…we'll take what would've been the profit and plough it back into instruction.'" Korte's experience typified the changes wrought by shocks to the system. Most of the new programs were created by nontraditional entrepreneurs ,seizing on political openings to get their way. Korte got his deal not because he was especially beloved by the MPS hierarchy, but because he had a plan of action. In fact, Korte recalls, "There were a lot of [employees] in central administration who would disappear into doorways when they'd see me coming down the hallway. They didn't want to have to deal with me." Hi-Mount continues to be regarded as an exceptional school, one frequently used by MPS to showcase the system's progress.

Former school board member Small recalls, "I think the innovative schools resolution was passed because of [choice and charter schooling]. I'll be very honest with you. The charter school issues were coming up and there were all kinds of things going on. As a result, many teachers and staff people brought in their ideas to the board."

The union contract limited the ability of administrators to force changes through the system. So most changes were initiated by entrepreneurs ,who obtained waivers in

order to create new programs.[17] Fuller approached the MTEA as an enemy to be vanquished, repeatedly challenging the union. He earned immense union enmity and suffered severe reversals, due in part to lukewarm board support. Despite Fuller's push to get tough with teachers, between 1990 and November 1995, MPS fired no teacher for incompetence and only seven for misconduct (Schulzte & Zahn 1995).

In the end, Fuller won some small victories that made it a little easier for entrepreneurial leaders to pop through the administrative cracks. However, the effort cost Fuller immense political capital, helped produce the concerted MTEA board campaign in April 1995 that brought him down, and foundered as the contracting threat receded.

*1995 Board Elections—MTEA Wins, Voucher Coalition Grows*

In the spring 1995 board elections, motivated by its distaste for Fuller, the MTEA mounted an unusually aggressive effort and its slate swept to victory. MTEA-backed candidates won four of the five elections, prompting Fuller to tender his resignation. MTEA-backed candidates spent $132,897 in the five races, while their opponents spent $58,331—less than half as much. The MTEA alone spent $62,886 to support its candidates, more than all non-MTEA candidates combined spent on their campaigns.

The union only lost one race—but it would prove to be a huge loss. In the race for the symbolically important citywide seat, outspoken choice advocate John Gardner defeated his MTEA-backed opponent. Gardner, a leftist labor organizer, tapped into the resources of the voucher coalition, drawing significant backing from the mayor, voucher supporters, and the business community. For the first time, a coherent coalition had

[17] Three months into Fuller's superintendency, a national television show ran embarrassing hidden camera footage from a series of classrooms in North Division High School. The footage included, as one former administrator recalls, "a teacher reading a newspaper while the kids are shooting craps in the back of the room, another teacher saying 'I'll slap your mamma,' and kids walking in and out of the class." Fuller's

emerged to challenge the MTEA. Gardner's candidacy represented a flag around which the critics of the MTEA and of MPS could rally.

Susan Mitchell, a key organizer in the voucher coalition, recalled, "By the time we got to 1994, there were a wide variety of supporters, but...they didn't have a strategy." At that point, Fuller's frustrations, the MTEA's 1995 victories, and the emergence of Gardner prompted a new wave of organization, particularly in Milwaukee's influential business community. Tim Sheehy, the director of the Metropolitan Milwaukee Association of Commerce (MMAC), a group of approximately 2,500 of the city's largest employers, remembers that Fuller's travails caused the MMAC to reevaluate its efforts to aid MPS and prompted it "to get involved with vouchers." Meanwhile, Cindy Zautcke, coordinator of Wisconsin's Charter School Resource Center said the inclusion of African-American community leaders and Democrats in the voucher coalition was essential. "The breadth of support gave us legitimacy," says Zautcke.

Fuller departed in July 1995 and was replaced by his deputy and long-time MPS insider Bob Jasna. In August 1995, Fuller took a position as a Professor of Education at Marquette University in Milwaukee where he founded the Institute for the Transformation of Learning (ITL) and played a crucial role as an organizer, fund-raiser, and spiritual leader for the choice coalition.

*MPCP Expansion*

During the 1995 legislative session, at the urging of Governor Thompson, the tiny MPCP got a radical facelift when its enrollment cap was raised to 7% of MPS enrollment (or about 7,000) students for 1995-96 and to 15% (roughly 15,000 students) thereafter.

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effort to fire three of the implicated teachers was overruled by the school board an then by an arbitrator who reinstated the teachers and awarded them a year's back pay (Lawrence, 1995).

Crucially, the expansion allowed religious schools to participate in MPCP, dramatically increasing the number of available seats. The changes meant that, in spring 1995, MPCP ballooned from an insignificant program costing MPS less than 1% of its educational budget to a threat that could cost tens of millions of dollars within two years. However, court challenges ensured that the threat was only a potential one through 1995, and it was not until the June 1998 Wisconsin Supreme Court decision supporting expansion that the expanded MPCP became a concrete concern for MPS. This means that a voucher program of significant size has only really operated since 1998-99.

In the 1995 session, the legislature also expanded the scope of charter school legislation; permitted the MPS superintendent to shut down and "reconstitute" failing schools, allowing the superintendent to replace faculty without regard to seniority; and expanded the ability of MPS to contract with partnership schools for "at-risk" students.

Expansion did not affect systemwide classroom practice during 1995-97. Student enrollment continued to grow through the period, and the district continued to need hundreds of new teachers every year. Summarized one veteran system insider, "I haven't noticed any evidence at the school level that things have changed due to choice." The choice and charter debate was a distant abstraction for school personnel. When asked about whether schools had been compelled to change practice or revisit core tasks, principal after gently explained that choice had no impact on the daily business of teaching, running a school, or interacting with the central administration. Explained one, "You've got to understand, in just trying to run a good school I've already got a full plate. There's not a lot of time to worry about things like vouchers."

The effects of the voucher program were blunted by continued MPS enrollment growth. The system's third Friday count in September 1996 was 101,110, exceeding MPS projections by nearly 2,000 students. In 1997-98, system enrollment again grew, to 101,963, and again exceeded the MPS projection (see Table 1). Another key reason for the limited educational response is that school officials, teachers, union leaders, and allied groups responded to choice primarily by legal and political means. Believing choice antithetical to public schooling, opponents of MPCP focused on attacking it rather than on adapting to it.

While choice did not have a systemic impact on MPS schools, it did have significant effects on the behavior of the visible and most politically sensitive actors. Those behaviors, in turn, produced new openings which entrepreneurial teachers and principals were able to seize. Just as with Fuller's flirtation with school contracting, the size and drama of the expansion temporarily shocked the school board and the MTEA into relaxing many of the routines that had previously constrained unusual ideas, radical teachers, and eccentric principals.

Recalled John Gardner, "The nervousness about choice expansion really started in February or March. When it became pretty clear that [expansion] was going to pass...Board candidates supported by the MTEA, and the MTEA itself, suddenly made noises about all the reforms they were going to do and probably more significantly, the reforms they were not going to oppose...[Reformers] within the teachers' union and...the public school system...had been interested in making changes long before the choice threat, but they'd been unable to pull it off. Choice brought external pressures so the

MTEA Executive Committee and the system's not-terribly-entrepreneurial administration began...saying, 'Okay, we'll let you do it to show that we're doing something.'"

The extent of response to voucher expansion can be examined by looking at the period between spring of 1995 and February 1996, when the injunction against including religious schools was left in place by the Wisconsin Supreme Court. The record shows a clear public-oriented response by the school board and the MTEA, a response that created great opportunities for the self-motivated entrepreneurial principals and aspiring school leaders in MPS, but an effort that bogged down amid administrative and contractual constraints once the threat receded.

Most significantly, the expansion clearly pushed MPS to increase its offerings, particularly though an explosion of schools approved under the innovative schools program. While that program pre-dated expansion, the board's interest in approving the proposals and the MTEA's willingness to issue MOUs relaxing the collective bargaining agreement were only evident once choice expansion appeared to be a real possibility.

In December 1994 the board had approved the first innovative school, the Grand Avenue Secondary School. The board paused and then, when expansion loomed, rapidly approved four additional innovative schools in February and March 1995. In spring 1995, the district also opened two new specialty schools. In October 1995, the board approved four more innovative schools for the 1996-97 year.

The explosion of innovative schools was a case of energetic and atypical teachers and principals popping through cracks, rather than a consequence of proactive board or administrative action. A gaggle of self-motivated leaders, who stood to gain no promotions and raises spent unpaid weekends and evenings pulling together plans to

launch schools of their very own. The most evident characteristic of the innovative school founders was their frustration with the prescriptions and administrative routines of MPS.

The importance of the threat posed by Fuller and the expansion was illustrated most clearly when the innovative schools process came to a halt in 1996. Once Fuller was gone an expansion was under injunction. Remembered MTEA-backed board member Christine Sinicki, "It was choice and vouchers that encouraged the board to pull together with the union to create innovative schools. Suddenly you have a union that said, 'Yeah, we like this idea, let's do it.' They were protecting their own butts. Once the takeover threat was no longer there and choice was pretty much a done deal they went back to their old ways." After the spring of 1996, the MTEA did not approve another MOU allowing innovative schools to waive the seniority process.

MPS had long faced demands for increased Montessori programs but had moved slowly to address them. In the fall of 1995, the board approved expansions of both existing Montessoris and in January 1996 it decided to open a third school in the fall of 1996. In early 1996, the system also took steps to add hundreds more early childhood seats. In June 1996, the MPS board approved Highland Montessori to be the district's first charter school. However, no additional charters were launched, as the MTEA filed suit to stop the district from chartering and the board chose not to press the issue.

Second, the effort to decentralize money to the schools, which had been pursued intermittently since 1988, made some progress in late 1995. During the period of September to December 1995, the board pushed the administration to proceed with the pilot decentralization of funding at nine MPS schools. The system trumpeted the change as a major shift in authority from Vliet Street to the individual schools, although

administrators and the evidence on central administration suggest little or no concrete change. Efforts in 1997 and 1998 by board members Gardner, Mary Bills, and others to cut administrative spending were either rebuffed by the board or, in a few cases, simply not implemented by the MPS administration.

Third, system graduation requirements were visibly strengthened post-expansion. In September 1995, the board passed a resolution directing the administration to consider higher standards for graduation and in February 1996 it enacted significantly toughened standards. Concerns that had been voiced in opposition to Fuller's efforts to raise standards and demand algebra of all students were barely evident the post-expansion.

Fourth, the MPS report card accountability measures were dramatically toughened and made more visible, clear, and comprehensive. Prior to 1996-97, the MPS "report cards" were unimpressive and somewhat sporadic. After exploring the issue during 1994-95, in June 1995 the board approved a more comprehensive report and also ensured that more schools would be rated positively by loosening the definitions for "improving" and "high-achieving." The move was part of MPS's effort to enhance its reputation.

Fifth, the most visible response was the sudden presence of slogans expressing the system's commitment to parental choices and high standards. Orange and black banners proclaiming "High Standards Start Here" became omnipresent on MPS schools and other property. Similarly, in the spring of 1995, a banner proclaiming, 'MPS, Milwaukee's First Schools of Choice' was hung behind MPS board members' seats. In 1995, the board made a visible commitment to public choice by making "First Choice Within MPS" the system's planning and budget priority for 1995-96. It is important not to overestimate the practical impact of this effort, however; administrators involved in

running the program continued to privately disparage the effort and resources the system put into it. Even former board member Sandra Small commented in early 1999, "The process is confusing. I think this is something the board needs to look at."

*MTEA and Expansion*

The 1995 period provides an interesting window in the behavior of the union. Voucher advocates suggest that the district, for the first time, felt compelled to bargain more toughly with the MTEA, but there is little evidence of significant union concessions. The union did agree to a number of memorandums of understanding in 1995 to permit the launch of the innovative schools. However, the union was careful to keep that language out of the contract itself while maintaining an aggressive legal campaign against the choice, charter, and reconstitution legislation. The union clearly agreed to some MOUs that it previously would not have considered—and that it would reject once expansion was held up by a court injunction—but the movement was more grudging and incremental than dramatic.

While the MTEA claimed to be receptive to reform during the negotiations of the 1995-97 contract—as demonstrated in gestures such as its acceptance of the Hi-Mount model—observers noted the union adamantly refused to contemplate changing seniority rules, residency requirements, closing of schools and evaluation provisions (Stanford 1995).[18] One former administration union official cautioned not to overinterpret small concessions as demonstrating the impact of choice expansion, because "through that 1995 to 1997 period, neither choice nor charter legislation had any real effect on contract

[18] As Mike Casserly, the executive director of Council of Great City Schools has observed, "A school district's inability to get rid of incompetent teachers is a major hindrance to reform." Voicing sentiments that mirrored Fuller's frustrations with MTEA restrictions, Casserly added, "In general, union contracts

negotiations or on any agreements reached." While the union did agree to some MOUs at individual schools in 1995 and early 1996, it continued to fiercely resist reforms that weakened seniority by allowing schools to interview and choose applicants for open positions. Noted former board member Jeanette Mitchell, "See, [the union] always do[es] MOUs but they never put those MOUs into the contract. In other words they never make it practice, which means that they're always playing the gatekeeper."

The union was not monolithic in its opposition to change. The incremental acceptance of reform provisions was partially the consequence of an internal union conflict between the dominant, traditionalist wing and an outgunned "progressive" faction. Executive Director Sam Carmen was forced to try to bridge this divide with symbolic gestures. For instance, at a September 1995 meeting, in the midst of the post-expansion furor, Carmen told MTEA members that the union needed to "change the way we operate" even as he and the executive board proposed a two-year ban on further contract concessions modifying the seniority system (Lawrence 1995b).

After a protracted 18-month negotiation, MPS and the MTEA settled the 1995-97 contract in August 1996. The union made a small concession in agreeing to a new peer evaluation process (Hooker 1996b) but held firm on seniority and other traditional concerns. Although MTEA Director Sam Carmen argued in 1996 that people who thought the MTEA "an obstacle to reform...have not paid attention to what we have been accomplishing for the last two years," (Lawrence 1996a). The union—out of a natural desire to protect its members—continued to oppose changes that would increase the number and severity of management tools at the disposal of the MPS administration.

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make it very difficult to weed out incompetent teachers because the process usually set up is so cumbersome and lengthy." (Hooker, 1995).

By fall 1996, the MTEA had filed suit to block choice expansion; the district from "reconstituting" schools and moving teachers out of targeted schools without regard to seniority; Highland Community from becoming a charter school; and MPS from contracting with partnership schools to educate "at-risk" students (Hooker 1996a).[19] The union offensive triggered an angry response from board President Mary Bills, herself an ardent foe of vouchers. Bills fumed in August 1996, "The MTEA makes the Teamsters look enlightened" (Hooker 1996a).

During 1995 to 1997, PAVE played a critical role in maintaining the momentum of choice. When the courts held up the MPCP expansion to religious schools in fall 1995, and then again in fall 1996, PAVE raised millions for an emergency fund to help the students who were going to enroll in religious schools and were left in a bind. PAVE raised roughly half of the two-year total of $6 million from the Bradley Foundation (Pumick 1996). Observed one voucher critic, "Bradley... has help[ed] create and expand the constituency for vouchers... in effect, the Bradley Foundation is very cleverly... buying a constituency."

In 1995-96, MPCP enrollment rose to 1,115 students, while more than 4,000 than students were enrolled in religious schools through PAVE. By 1996-97, MPCP enrollment had more than doubled and 2,500 students were using vouchers worth $4300 to attend private schools (see Table 2). Another 4,300 students were in religious schools through PAVE scholarships (see Table 3).

The MPS political situation slowly hardened into two clear opposing camps between 1995 and 1997. In the fall of 1995, former state delegate Warren Braun, a

[19] In all cases, the MTEA primarily challenged on the grounds that "local" legislation was passed as part of the budget bill rather than as separate legislation and that the measures hindered its ability to bargain with

Catholic Church official and supporter of vouchers, defeated the MTEA-backed candidate in a special board election. In 1997, Bruce Thompson, Gardner's 1995 campaign manager and a local professor, defeated an MTEA-backed opponent to win the 5th district seat being vacated by three-term board member Mary Bills. Meanwhile, MTEA-backed candidate Charlene Hardin managed the exceedingly rare feat of defeating an incumbent board member, when she upset Jared Johnson by a handful of votes in the 4th district. The departure of Bills, a voucher opponent but frequent MTEA critic, and the unpredictable Johnson meant that the board now broke pretty cleanly into two camps: the six MTEA allies and the three choice sympathizers. Whereas urban school board elections are generally ambiguous affairs, with the teachers' union predominant in an environment characterized by vague debates, MPS board politics was evolving into a two-party system.

*Charter school expansion*

In 1997, the legislature made significant modifications to the Wisconsin charter school law. Most importantly, at the urging of Governor Thompson, the legislature gave the city of Milwaukee, the University of Wisconsin at Milwaukee (UWM), and the Milwaukee Area Technical College (MATC) the power to approve charter schools. The city was the first municipal government in the country to receive such power, and Mayor Norquist promised to wield it with relish. Meanwhile, because charter school students did not have to be low-income and receive a much more generous per-pupil allocation than did MPCP schools, interest in opening new schools rapidly grew.

UWM launched a planning process during 1997-98 and looked to open its first schools in the fall of 1999. MATC, an institution with strong pro-union sympathies,

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the district.

exhibited no interest in using its charter authority. Under Mayor Norquist, city took the lead. Prodded by Norquist, who appointed Howard Fuller chair of the city's Charter School Review Committee, the Common Council moved promptly on charter schooling. Milwaukee approved its first charter schools during 1997-98 and launched its first three schools, with a combined enrollment of 300, in fall 1998. A fourth school, Bruce Guadalupe Community School with nearly 500 students, had declined a city charter.

*Board Opts for Brown*

Superintendent Bob Jasna announced his resignation in January 1997, triggering a search that would stretch into September. After numerous stops and starts, the board settled on career educator and Waukegan, Illinois. Superintendent Alan Brown over Fuller-affiliated Jasna deputy Barbara Horton. In September, the board voted 5-4 in executive session to hire Brown, with all five Brown votes coming from MTEA-backed board members.

In January 1998 the whole issue of vouchers was suddenly pushed aside for five months when Governor Thompson—citing continued unacceptable performance—called for a state takeover of MPS. The African-American community led a successful fight to reject the proposal, attacking it as an effort by upstate Republicans to seize control of a mostly black school system.

*MPCP Expansion Endorsed by Courts*

The competitive environment changed radically in June 1998 when the Wisconsin Supreme Court ruled 4-2 that the MPCP expansion was constitutional. Observers remember Brown and the MPS administration as "shell-shocked" and paralyzed by the ruling. The decision became even more important in October when the U.S. Supreme

Court declined to review the case, ensuring that the ruling would stand for the foreseeable future. Once the future of MPCP was secure, the interest expressed in choice by parents and potential school operators rapidly started to grow.

The new threats posed by charter schools and expansion triggered a wave of peak-level responses, just as in 1995. Early in the spring of 1998, after Norquist had launched the city's charter school push, Brown and a few key lieutenants sat down with partnership school leaders to hear their concerns and to appeal to them to stay with MPS. The most common complaint voiced was that the schools wanted contracts that offered more stability than the one-year agreements MPS offered, but MPS administrators said that such an arrangement was not feasible within the MPS budget. Several meeting participants were disappointed by the overall effort. Commented one school director, "I have not been happy with the follow-up."

A second major event was the district's aggressive courtship of Bruce Guadalupe after the city had offered the school a charter. As a charter, the school would receive $6,100 per pupil. However, director Walter Sava was concerned about legal confusion regarding Bruce Guadalupe's obligations to provide potentially costly services for disabled students. Brown offered a contract that would pay $5,000 per pupil and would ensure that the school—as part of MPS—would not be required to enroll those students. The deal got snagged on MTEA concerns and was eventually settled when MPS and Bruce Guadalupe agreed to a one-year arrangement, ensuring that the school's enrollment would count towards MPS enrollment.

The effects of a significant voucher program struck home for the first time in September 1998, when MPCP enrollment exploded. From 1,501 students in 1997-98,

MPCP nearly quadrupled in size to 5,830. The number of participating schools grew from 23 in 1997-98 to 88 in 1998-99 (see Table 2). The vast expansion was possible only because the religious schools that made up roughly 80% of Milwaukee's private schools were now part of the voucher program. For the first time in the 1990s, MPS enrollment fell, dropping from 101,963 in 1997-98 to 100,525 1998-99 (see Table 1). MPS lost more than 1,000 students, just over 1% of the district's total enrollment, whereas the system's forecast—known for its consistent accuracy—had projected an increase of 629 students. An administrator involved in enrollment management termed the numbers a "shock" and said that the drop forced the district to trim dozens of elementary teaching slots and to "hedge its bets on everything." For the first time MPS lost significant money, about $28 million in projected state aid from a school operations budget of $874 million (see Table 1).

However, given that MPS had to hire nearly 1,000 new teachers for 1998-99, the loss of even hundreds of teaching slots would have had no direct impact on school personnel. Explained MTEA director Sam Carmen in fall 1999, "All in all, [the voucher issue] has not [affected the teachers], at least not that we have been able to detect. Enrollments have gone up each year until this year…[and] this year we still hired over seven hundred new teachers. Last year it was about eight hundred and fifty…The existence of vouchers and choice and charter schools…hasn't [been] a hold on the work force, so thus far it hasn't aversely affected us." Faculty turnover is high enough and the loss of students small enough that not one principal or teacher interviewed recalled any teacher being forced out of a school due to enrollment changes. Finally, because the system has no system to track why students leave a school, because of the incredibly high

rate of student mobility, and because MPS budgeting practices meant loss of a student had only a small effect on school resources, no one in MPS really knew which schools were losing dissatisfied students or had a clear idea what to do about it.

Two visible system activities comprised the heart of the response to the enrollment drop. First, in December 1998, weeks before the annual "three-choice" school selection process was to be held, Brown announced a "reading guarantee" program with much fanfare and an advertising budget of at least $10,000. Any second-grade student who had attended MPS k-2 and had a 90% attendance record but was not reading at grade level would receive extra tutoring at MPS's expense. Observers noted that the program was partly a marketing move to encourage parents to start their children in MPS from kindergarten. Second, during the winter of 1998-99, MPS agreed to share control of governance at a new Milwaukee Tech Vocational School with a consortium of local organizations. The MTEA also agreed to allow much of the school to be staffed outside of its ranks and to waive several contract elements. These concessions were driven by ability of the local philanthropist who was contributing $25 million for the school to otherwise fund the new tech as a charter school that would have no MTEA role and be entirely outside of the MPS system.

*MTEA Agrees to More Flexible Contract*

In January 1999, the MTEA leadership opted for a number of dramatic concessions it had previously refused to make. In September 1998, MPS and the MTEA ended a prolonged negotiation over the union's 1997-99 contract after board president and MTEA ally Joe Fisher personally took over the negotiations in August. The result was widely characterized as a massive union victory. By December 1998, however, the

U.S. Supreme Court's non-decision on MPCP, growing interest in charter schooling, and the burgeoning voucher coalition campaign for the school board had changed the negotiating context.

Paulette Copeland, a leader of the "reform faction" opposed to the traditional MTEA leadership, had narrowly won the union's presidency in 1997 in a 3,221-2,710 vote. Copeland's reformers, however, remained a minority of the MTEA executive board where the "traditionalist" majority distrusted Copeland's willingness to relax contractual protections the union had struggled to win in the 1970's and 1980's. The new environment empowered the reformers, enabling them to argue that the union had to appear cooperative or risk reversals in the board elections and in Madison. The results were evident in the negotiations over the 1999-2001 contract settled in January 1999. Negotiating even as voucher coalition-backed candidates were using the terms of the September agreement to attack MTEA-backed board members, the MPS and MTEA settled a tentative contract before the previous agreement had expired for the first time in three decades of collective bargaining.

Most significantly, the MTEA yielded on teacher seniority rules, making it easier for MPS schools to hire teachers of their choosing. Essentially, this put in the contract a version of the language that the union had agreed to on a case-by-case basis for innovative schools. The agreement frees MPS schools from the obligation to accept incoming teachers based on seniority if the schools elect to participate in one of several programs. "This takes away some of the power of the union and gives it to our members, and that's the way it should be," said MTEA President Paulette Copeland (Williams 1999). The union and MPS also compromised and agreed to settle the union's long-

running lawsuits against measures such as increased contracting and charter schools. Union-supported board members wanted agreements to demonstrate their independence, while the MTEA wanted to conduct negotiations with a board controlled by allies rather than risk dealing with the new board that would be elected in April 1999.

*A Growing Market*

In December 1998, the City's Charter School Review Committee approved four applications for charter school status, but just two were scheduled to open in fall 1999. Meanwhile, UWM approved two charter schools for fall 1999 both scheduled to be managed by the for-profit Edison Project. The specter of Edison's involvement in local education infuriated teachers, MPS administrators, and local opponents of for-profit education, prompting threats that UWM's ties with MPS and MTEA members would be severed. In the end, the UWM process bogged down and the planned opening of the schools was pushed back to the fall of 2000. The emergence of a radicalized MPS board shifted the locus of action to MPS, which approved two charter schools for fall 1999 and was aggressively working to create new options.

Meanwhile, the new environment led to a dramatic surge of interest in expanding existing schools or opening new ones. The need for PAVE scholarships largely evaporated with the approval of the full MPCP expansion; PAVE as enrollment plunged from 4,371 in 1997-98 to 846 in 1998-99 (see Table 3). PAVE's leadership responded by shifting its focus to raising funds to help launch new schools and facilitate the development of existing ones. Internal PAVE documents show that as of May 1999, 29 schools planned to add classrooms and four sought new locations which would permit expansion. Support from the Bradley Foundation and the MMAC support were pivotal in

helping PAVE launch its effort to support capacity growth. In the absence of such assistance, school supply had grown very slowly, largely due to the small size of the Catholic Schools which comprised close to half of Milwaukee's private school system. For instance, as of December 1998, just six of the 35 Catholic k-8 schools in Milwaukee enrolled as many as 300 students.

*A Political Revolution*

By late 1998, a rough approximation of a two-party system had emerged around MPS. In place of the eclectic campaigns that had characterized MPS board elections before 1995, a unifying campaign theme emerged. The MTEA and the opponents of school vouchers mobilized behind one slate; the choice coalition behind a second.

Drawing on professional campaign organizers, Norquist's pollster, local choice and charter groups, and the MMAC, Gardner coordinated a carefully orchestrated campaign. Gardner alone spent $190,000, more than tripling the previous record for a board campaign. He raised much of the money in large donations from a national collection of school choice backers. The other four coalition candidates each spent roughly $15,000 to $20,000, while sources estimate the MMAC spent tens of thousands more to support the coalition slate. Meanwhile, the MTEA claimed to have spent just $47,000 on the elections, but others estimate the actual figure at well over $100,000. Gardner spent more than $70,000 on an aggressive television effort. Observers estimate the MTEA and national anti-voucher organizations eager to steal Gardner's bully pulpit spent about that much in an effort to unseat Gardner. The National Education Association contributed $75,000 to WEAC and to the People for the American Way to finance activities supporting the union slate. In the end it appears that both sides spent at

least a quarter of a million dollars, shattering all previous records in a board election of unprecedented expense, scope, and coherence.

In a stunning result, the voucher slate swept the April elections. In a result that was unforeseen even on election day, Gardner bested Theadoll Taylor 60-40, while union-backed incumbents Leon Todd, Sandra Small, and Joe Fischer were all defeated. Never had Milwaukee seen an election in which more than one incumbent was defeated; just three had lost since the board reform of 1983. After the smoke cleared, the Gardner-Thompson-Braun bloc numbered seven, an unassailable majority.

Bruce Thompson was quickly named the new board president, replacing Joe Fisher. The new board initially showed some inclination to retain Brown but, encouraged by Fuller and other leaders of the voucher coalition, the four board freshmen decided they wanted a visionary. Consequently, in early May, Brown was bought out and Hi-Mount maverick- Spence Korte was persuaded to take the job. Korte, a hard charging missionary unconcerned about preserving his viability, pushed radical decentralization from the get-go, seeking to create more opportunities for the entrepreneurs in the system.

Meanwhile, the new board took a number of aggressive and symbolic steps on its own. At its first meeting, the new board approved a structure for creating charter schools. In May, the board approved an administration plan to substantially increase contracting and Gardner pushed a motion to radically revise district accounting to permit significant decentralization. In June, the board approved MPS's second and third charter schools.

Ironically, just as leadership able to perhaps drive systemic response came into power, MPS won a Gardner-inspired victory in Madison that promised to greatly undercut the threat posed by competition. The voucher advocates were able to convince

the Republican legislature that the April victory was reason for the state to go easy on MPS, thereby winning a change in which choice and charter funding would no longer come out of MPS' pocket. Instead, MPCP and Milwaukee's charter schools would be treated as if they were independent school districts. The result was that funding for these programs would come from the general state pool rather than from state allocation to MPS. The change meant that lost enrollment would have a much smaller impact on MPS funding and effectively increased MPS state aid by roughly $40 million from 1998-99 to 1999-2000, dramatically reducing the pressures generated by competition.

*Minimal School-level Effects*

It is difficult to fully convey how little impact any of this has had on the great swath of MPS classrooms and schools. When asked about how competition had affected their schools, typical teacher comments were along the lines of "You need to understand, many teachers are unaware of this," or, "Teachers are so stressed out keeping their heads above water…they have too much on their hands to worry about vouchers and charters." No more than one in ten teachers interviewed could think of even one substantive impact of competition. One teacher recalled that an additional faculty member was being shifted to third-grade to help boost reading scores at her school, a second mentioned an increased focus on teaching to the state tests, but then seemed to attribute the focus on testing to threats of reconstitution.

Teachers feel belittled and unappreciated, but they are tremendously confused about choice and charters, demonstrate a sense of pervasive helplessness to do anything about competition, find the whole notion of "competing" for students to be alien and somewhat unsavory, and explain that they're already overburdened and doing all they

can. Primarily, in the words of MTEA board member Bob Peterson, a respected reformer, "Choice had a negative effect on morale, as part of the general assault on the public schools that voucher advocates launched. As part of their fight for school choice they sought to do everything they could to discredit the public schools." In general, teachers, and even some principals, are so confused about how choice and charters work and their implications that it is not apparent they have a clear idea of what kind of competitive response would even prove fruitful.

The only school-level activity respondents consistently mentioned was a spate of school advertising that broke out in 1997 and 1998, particularly after the Wisconsin Supreme Court decision. A few schools aired radio and newspaper advertisements to attract students, while many schools slightly increased their outreach efforts through additional parent information nights or a greater effort to distribute fliers or handbills. One MPS teacher described her school's outreach effort, and the effort was notable for being unusually pro-active, "Our principal has formed a committee to meet with the community. It's got 25 staff members, we've got kids getting involved in making a video, and there t-shirts." Advertising efforts seemed to die out rather rapidly, characterized only a handful of schools, and were apparently prompted as much by the "three-choice" plan as by concern about MPCP. In general, observed Bruce Thompson, "[MPS employees] are just not marketers. For instance, parents of four-year-olds are always telling me that they haven't heard anything from the schools. I suggested the schools ought to buy a mailing list of these families [but] they just don't think that way. Partly it's ideological. They think, 'We're the schools, you're lucky that we're here to provide this service.'"

Similarly, in the bowels of MPS administration, there is little evidence that much has changed yet. In 1997 and 1998, the central administration continued to drag its feet on proposed reforms for decentralization and budget cutting, sometimes simply reporting to the board that the system could not or would not implement board directives. The muddiness of the figures and the lack of per-pupil accounting means that the system is unable to easily or directly inflict costs on schools when they lose students. Similarly, schools which gain students do not immediately receive all the implied resources.

Markets are driven by entrepreneurs; in Milwaukee, the pool of entrepreneurs is relatively small to begin with, and the rules of the game are so complex that some of these individuals are frozen out. No more than a handful of people in Milwaukee actually grasp the legal conflicts, the mandates on charter schools and special education; the financial implications of being a choice, charter, or partnership school; the funding rules and mechanisms, the impact of enrollment changes on MPS; or state rules on school operation. Most of the handful that do understand these things, are voucher advocates rather than educators. Principals and teachers interested in opening schools are confused about these options. Consequently, subtly designed incentives do not have the intended effects, while many potential entrepreneurs are simply scared off by the confusion. As more individuals become more knowledgeable, as the rules stabilize, and as resources emerge to help address the confusion, the amount of entrepreneurial activity is likely to increase.

Finally, another key constraint on competition is the lack of information for the MPS board or administration on where students are leaving, where they are going, why they are making the choices they are, or what schools are doing. MPS is very good at

counting heads, because it is state-mandated, but has no capacity for gauging its market. Consequently, decisions tend to be made with little regard to what consumers want or need. Similarly, despite a decade of commitment to decentralization, the system's budgeting capacity makes no allowance for breaking out costs on a unit basis. Until those systems are in place, the school system cannot "sell" services to schools or force school administrators to make careful decisions about budgeting and efficiency. Hi-Mount, with control of 85% of its budget, was supposed to buy back services from the central administration. Except, recalls Spence Korte, MPS administrators were uncertain how much to charge and would frequently deliver services without ever sending a bill.

**Conclusions**

Thus far, competition has not had any systemic effects on teaching and learning in MPS schools and classrooms. Of course, it is crucial to recall that the 1990-1998 MPS experience featured an extremely small and heavily contested voucher program that greatly restricted its scope and possible effects. However, most proposed voucher programs are small in scope, and we ought to honestly recognize the real competitive effects of such programs. Thus far, the presence of limited competition has not refocused teachers or principals or changed how they do their jobs. It has produced some new efforts to raise standards, increase choices, and open new schools, but there is little evidence that these moves have thus far affected classrooms. Choice and charters have provoked—at times of obvious potential threat—active symbolic reactions from MPS and MTEA leaders. The irony is that these symbolic responses have created the potential for meaningful change by permitting new schools to form unencumbered by many of the constraints on existing urban schools.

In short, while market forces have not yet started to bulldoze away inefficiencies in Milwaukee, the evidence does suggest that competition instead chipped away at the asphalt surface barriers that stifled entrepreneurial energy in MPS. The real changes emerged sporadically, like weeds growing through the new cracks. Choice caused change, not by forcing MPS routines to change, but by allowing entrepreneurs to seize political openings to create new programs on the fringes of MPS in order to translate their personal visions into practice. Reformers used their new leverage to obtain resources and freedom from an administration that turns to them because its leadership feels compelled to react to competition but is not sure how to do so. This kind of change may produce substantial change, if enough cracks are created and enough weeds grow, but it crucially depends on the supply of entrepreneurial leaders. Whether this change is necessarily desirable is a question not addressed here. The changes wrought by the pick-axe may be beneficial or harmful depending on the nature of the schools that emerge and their relationship to the school system. Evaluation of the value of the changes will require further research.

Currently, observers generally agree that there are probably no more than 15 or 20 such leaders among the system's 150-odd principals. One principal who holds a leadership position in the administrative union estimated that "there are no more than five real tigers in MPS." Most of the "tigers" were previously regarded as oddballs, marked as suspect by their entrepreneurial energy. These leaders desire neither money nor prestige—their reward for their efforts is often an increased responsibilities with no additional pay or resources. Instead, they operate out of a messianic commitment to the ideal of public schooling. Because these entrepreneurs are motivated by their sense of

mission and an emotive attachment to teaching, it is not clear whether policymakers will be able to easily attract more of these into education or to increase the number. These leaders also generally expressed little interest in running multiple school sites, as they love hands-on management of a school they designed. It is not yet clear how effectively material inducements might summon forth more of these leaders or how effectively these schools will survive the departure of their founders.

While the most significant effects of vouchers have been the political changes that have shaped the other responses, these changes may not last. The emergent two-party system focuses debate, makes it easier to hold board members accountable, and promotes a governing bloc able to provide consistent direction. However, participation in MPS elections remains low[20] and other cities have had anti-union coalitions rise and then fade away. Further, coalition members have voiced frustration at the difficulty of replicating the broad Milwaukee coalition in other cities. It may be that the historic roots of choice in Milwaukee, the key role of African American and Democratic leaders, and the resources of the Bradley Foundation create a unique political dynamic.

Generally, three particular elements of the context will prove important to determining the consequences of competition. One is the extent of the actual threat. As the number of private or charter schools grows, or as the cap on voucher or charter programs is increased, or as the schools see a quicker and more direct link to the money the will lose, the threat posed by choice also grows. Crucially, the state's 1999 decision to increase funding for MPS and reduce the losses caused by student flight has the ironic result of greatly reducing the threat posed by the growing choice and charter programs.

[20] Through the 1990s, turnout for board elections hovered in the 15% to 20% range (MPS 1998).

A second key element is the nature of the school system context. Market pressures depend on the sensitivity of educational leaders to the competitive environment and on the sanctions and incentives these leaders are able to wield. A third key is the temperament and skills of educators. If educators enter the profession for more market-oriented reasons, are socialized in different ways, or expect to derive different kinds of rewards, then the constraints imposed by the school house culture may soften.

In the case of education markets, as in so much else, context is crucial. Features of public schooling that have stymied earlier reforms and fed the call for school choice may structure the effects of competition. Except when considering choice proposals that abolish public school systems altogether, debates about school choice must be integrated into the larger educational conversation.

Finally, two caveats are in order. First, whether schools *should* be more responsive to markets is a fair question and one that is not addressed here, though this analysis may help deepen this normative discussion. Second, the policy implications of this analysis entail certain trade-offs. Even readers who judge competition in education to be desirable may believe the costs of change to outweigh the likely benefits. This discussion represents only a first-cut at a crucial question. More research on this issue and more consideration of the analysis posed here will further illuminate the matter.

Table 1: MPS Enrollment Statistics 1990-98

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|---|---|---|---|---|
| MPS School Enrollment | 92,789 | 93,519 | 94,301 | 95,271 | 96,773 | 98,380 | 101,110 | 101,963 | 100,525 |
| % African American | 55.1 | 56.2 | 57.1 | 58.1 | 58.9 | 59.8 | 60.6 | 61.1 | 61.4 |
| % white | 30.8 | 29.1 | 27.5 | 25.9 | 24.2 | 22.3 | 20.7 | 19.6 | 18.5 |

These figures obtained from MPS's Third Friday in September enrollment count

Table 2: MPCP Statistics 1990-99

| | 1990-91 | 1991-92 | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
|---|---|---|---|---|---|---|---|---|---|
| Value of vouchers[21] | $2,446 | $2,634 | $2,745 | $2,985 | $3,209 | $3,667 | $4,373 | $4,696 | $4,894 |
| September Enrollment | 337 | 504 | 591 | 718 | 786 | 1320 | 1606 | 1501 | 5830 |
| # of schools | 7 | 8 | 11 | 12 | 12 | 17 | 20 | 23 | 89(a) |
| Total Aid paid to MPCP(b) | $0.74 m | $1.35 m | $1.63 m | $2.10 m | $2.45 m | $4.61 m | $7.07 m | $7.03 m | $28.41m(c) |
| School operations fund in MPS budget[22] | $536.5 m | $563.7 m | $585.6 m | $612.2 m | $646.8 m | $674.0 m | $704.1 m | $735.1 m | $776.0 m |
| State and federal categorical aid estimated | $48.0m | $31.5m | $59.1m | $61.2m | $76.9m | $82.8m | $90.9m | $104.8m | $97.5m |
| Total educational spending (d) | $584.5m | $595.2m | $644.7m | $673.4m | $723.7m | $756.8m | $795m | $839.9m | $873.5m |
| MPCP aid as a % of total ed expenditures | 0.09% | 0.23% | 0.25% | 0.31% | 0.34% | 0.61% | 0.89% | 0.84% | 3.25% |

(a) There are three schools within one organization: Seed of Health
(b) This number does not equal September enrollment times voucher value, because the money paid to the MPCP is actually based on per-pupil enrollment each month.
(c) Estimate
(d) *Excluding* construction and recreational programs

[21] All values in the first four rows taken from the Wisconsin Department of Public Instruction's website: http://www.dpi.state.wi.us/dpi/dfm/sms/histmem.html
[22] All numbers in rows five and six are from the approved "Amended Adopted Budget Books." These figures are normally amended in November; the figures quoted were provided by MPS Office of Research.



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Table 3: PAVE Statistics 1992-99

| | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 |
|---|---|---|---|---|---|---|---|
| # of scholarships awarded | 2,089 | 2,450 | 2,654 | 4,303 | 4,201 | 4,371 | 846 |
| # of schools participating | 86 | 102 | 103 | 106 | 106 | 109 | 112 |
| # of students wait-listed | --- | 1,093 | 1,036 | * no waiting lists after this time | --- | --- | --- |
| Total value of scholarships | $1,278,932 | $1,704,007 | $1,954,253 | --- | --- | $4,100,000 | $1,052,000 |
| # of schools participating | 86 | 102 | 103 | 106 | 106 | 109 | 112 |
| Total Funds Contributed | $2.4 m | $1.5 m | $2.0 m | $2.2 m | $3.7 m | $4.2 m | Not yet available |
| # of Private Foundations contributing | 10 | 18 | 21 | 49 | 65 | 77 | Not yet available |



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